

Message Text

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70

ACTION AF-06

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01

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INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

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INFO AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY TEHRAN

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SUBJ: CAYAR UPDATE

REF: DAKAR 4497

SUMMARY: THIS CABLE PROVIDES UPDATE ON VARIOUS ASPECTS OF CAYAR PORT-PHOSPHATE-REFINERY COMPLEX BASED SEPTEMBER 10 MEETINGS BETWEEN EMBOFFS AND IRASENCO DIRECTOR DIOUF AND REQUESTS ASSISTANCE IN ARRANGING MEETING BETWEEN DIOUF AND PARSONS-JURDEN REPS IN LONDON BETWEEN SEPT 17 AND OCT 10. END SUMMARY.

1. MINERALS PORT: RICHARD VANDERLAAN OF SOROS ENGINEERING WILL BE CALLING ON EX-IM BANK SHORTLY WITH REQUEST FROM IRASENCO (SENEGALESE IRANIAN PETROLEUM COMPANY) FOR FINANCING DETAILED ENGINEERING STUDY TO BE PREPARED BY SOROS. IRASENCO REQUEST SHOULD CONTAIN BASIC TECHNICAL AND FINANCIAL INFORMATION NEEDED BY EX-IM TO OPEN FILE ON CAYAR. VANDERLAAN HAS ALSO

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APPROACHED FIRST NATIONAL CITY BANK (FNCB) TO ASSIST IN

FINANCING. HE INDICATES BOTH FNCB AND EX-IM ARE PARTICIPATING IN SIMILAR PROJECT IN GABON. IRASENCO DIRECTOR DIAREF DIOUF WILLING TO PROVIDE ANY FURTHER INFORMATION NEEDED BY EX-IM TO REACH EARLY DECISION ON APPLICATION, SINCE EX-IM TURNDOWN WILL NECESSITATE SEARCH FOR ALTERNATE FINANCING.

2. REFINERY: OF TWO AMERICAN FIRMS INVITED TO BID ON ENGINEERING STUDY FOR REFINERY (BECHTEL AND PROCONSUL), BECHTEL DID NOT RESPOND. DIOUF DID NOT KNOW WHETHER PROCONSUL SUBMITTED BIDS, SINCE IRANIANS ARE HANDLING THIS ASPECT FROM IRASENCO'S LONDON OFFICE. CONTRACT WILL BE AWARDED FOLLOWING SEPTEMBER 29 MEETING IN LONDON OF SENEGALESE AND IRANIAN TECHNICAL COMMITTEE. WHILE EUROPEAN FIRMS CONCERNED WITH REFINERY HAVE SENT TEAMS TO SENEGAL, TO OUR KNOWLEDGE NO U.S. FIRM HAS DONE SO. DIOUF CLAIMED THAT NIGERIAN AND IRANIAN CRUDE WOULD BE PROVIDED AT CONCESSIONAL PRICES, IN SPITE OF PUBLISHED REPORTS TO CONTRARY (LAGOS 8591). (ARTHUR D. LITTLE FEASIBILITY STUDY OF CAYAR REFINERY CONCLUDED THAT IRANIAN CRUDE WOULD HAVE TO BE PROVIDED AT CONCESSIONARY PRICE IN ORDER FOR REFINERY TO BE PROFITABLE.) OUTPUT OF NEW REFINERY WILL SUPPLEMENT 700,000 METRIC TON REFINERY CURRENTLY OPERATIONAL IN SENEGAL. IT WILL PRODUCE ASPHALT, NAPHTHA, AMMONIAC AND OTHER PRODUCTS WHICH ARE NOW IMPORTED.

3. PHOSPHATES: PARSONS-JURDEN/JACOBS ENGINEERING PROPOSAL TO PREPARE FEASIBILITY STUDY OF TOBENE DEPOSITS HAS BEEN WELL RECEIVED. DIOUF IS DEPARTING FOR LONDON SEPT 17 FOR A "WORKING VACATION" TO LAST UNTIL OCT 10. HE WOULD LIKE TO MEET A PARSONS-JURDEN REPRESENTATIVE (PREFERABLY FRENCH SPEAKING) IN LONDON TO DISCUSS DETAILS. (DIOUF'S LONDON ADDRESS: IRASENCO, 132 SLOANE, TELEX 261-544). FINAL DECISION ON EXPLOITATION OF TOBENE WILL NOT BE MADE UNTIL MID-OCTOBER, AFTER HIS RETURN TO SENEGAL. DIOUF STATED THAT A MR GAZARAVICH, (AN IRASENCO TECHNICAL ADVISOR) HAD VISITED U.S. DURING JUNE AND MADE CONTACT WITH THREE FIRMS WHOSE EQUIPMENT APPEARED PARTICULARLY INTERESTING: BUCYRUS-ERIE, MARMOM TRANSMOTIVE (KNOXVILLE TENNESSEE), AND PAGE ENGINEERING COMPANY (CHICAGO).

4. COMMENT: IT APPEARS PROBABLE THAT US FIRM WILL NOT BE SELECTED AS CONSTRUCTION ENGINEERS FOR REFINERY, ALTHOUGH LIMITED OFFICIAL USE

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AMERICAN CANDIDATES APPEAR TO BE IN POTENTIALLY STRONG POSITION FOR PORT AND PHOSPHATE MINE. THE HITCH IS THAT IRANIANS PROVIDING FINANCING ONLY FOR REFINERY AND IN PART FOR MINE, FROM WHICH THEY WILL PURCHASE PHOSPHATE. SENEGALESE ARE RESPONSIBLE FOR FINANCING PORT AND PARTIAL FINANCING FOR MINE. THUS SOROS, PARSONS-JURDEN OR ANY OTHER FIRMS PARTICIPATING IN MINE AND/OR PORT WILL BE EXPECTED TO ARRANGE FINANCING.

5. ACTION REQUESTED: COMMERCE INFORM PARSONS-JURDEN/JACOBS
ENGINEERING (PASADENA CALIFORNIA) OF DIOUF'S DESIRE FOR
MEETING. (BOTH COMPANIES HAVE LONDON OFFICES).
AGGREY

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